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Department of Veterans Affairs

Questions and Answers On Manufactured Home Loans for Veterans

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MANUFACTURED HOME LOANS TO VETERANS. . .

The questions and answers included in this pamphlet are intended to cover major items of interest to veterans interested in buying a manufactured (mobile) home. The questions do not cover all possible situations involved in financing the purchase of manufactured homes. Full information about such situations may be obtained from VA regional offices.

WHAT IS A VA-GUARANTEED MANUFACTURED HOME LOAN?

VA-guaranteed manufactured home loans are made by private lenders such as finance companies. The guaranty means that VA will protect the lender against loss if the veteran or a later owner fails to repay the loan. The amount VA will guarantee is 40 percent of the loan amount or the veteran's available entitlement, up to a maximum amount of $20,000. The guaranty amount is not the same as the amount a veteran can borrow (see question concerning loan amounts).

WHO IS ELIGIBLE FOR A MANUFACTURED HOME LOAN?

All veterans with sufficient qualifying service subsequent to September 15, 1940, and active duty service personnel who have served continuously for more than 180 days are eligible for manufactured home loans. Additional details are contained in VA Form 26–1880, Request for Determination of Eligibility and Available Loan Guaranty Entitlement; VA Pamphlet 26–4, VA-Guaranteed Home Loans for Veterans; or may be obtained by contacting the nearest VA regional office or center.

HOW IS ELIGIBILITY DETERMINED?

A veteran may request a Certificate of Eligibility from the nearest VA regional office. This request should be made on VA Form 26–1880, Request for Determination of Eligibility and Available Loan Guaranty Entitlement, and accompanied by the discharge or separation papers (DD Form 214), or evidence of current active duty status.

WHAT ARE THE REQUIREMENTS FOR LOAN APPROVAL?

To obtain a VA loan, the law requires that:

- You must be an eligible veteran who has available home loan entitlement;

- The loan must be for an eligible purpose;

- You must occupy or intend to occupy the property as your home within a reasonable period of time after closing the loan;

- You must have enough income to meet the payments on the loan, cover the costs of owning a home, take care of other obligations and expenses, and still have enough income left over for family support (a spouse's income is considered in the same manner as the veteran's); and

- You must have a good credit record.

WHAT IS THE MAXIMUM AMOUNT A VETERAN MAY BORROW?

The maximum loan amount for a new manufactured home is the lesser of the following:

- 95 percent of the purchase price of the property securing the loan, plus the VA funding fee, or

- a determination of the manufacturer's invoice cost, plus or minus the cost of any items added or removed by the dealer, plus certain other costs (up to certain maximums), plus the VA funding fee.

- The maximum loan amount for a *used manufactured home* or a lot and/or necessary site preparation is determined by appraisal.

Additional information on maximum loan amounts may be obtained from the nearest VA regional office or center.

WHAT ARE THE LOAN REPAYMENT TERMS?

The maximum terms for manufactured home loans are: 20 years and 32 days for a single–wide unit or a combination single–wide unit and lot; 23 years and 32 days for a double–wide unit only; 25 years and 32 days for a double–wide unit and lot; and 15 years and 32 days for a lot only on which to place a manufactured home you already own.

WHAT IS A MANUFACTURED HOME FOR VA LOAN PURPOSES?

A manufactured home is built on a permanent frame and is made to be moved in one or more sections. It must be

built to be lived in year round by a single family and there must be permanent eating, cooking, sleeping and sanitary facilities. A single–wide manufactured (mobile) home must be at least 10 feet wide, with a minimum floor area of 400 square feet; double–wide units must be at least 20 feet wide, with at least 700 square feet of floor space.

A modular home is not the same as a manufactured home for VA purposes. Although the parts or sections of a modular home are built in the factory and then moved to the building site, the home must still be put up and completed at the building site. You may, however, obtain a loan to purchase a modular home under VA's regular home loan program. (See VA Pamphlet 26-4 for information about that loan program.)

WHAT TYPES OF VA MANUFACTURED HOME LOANS ARE AVAILABLE?

You may use a VA–guaranteed loan to:

- Buy a manufactured home and/or lot.
- Buy and improve a lot on which to place a manufactured home you already own and occupy.
- Refinance a manufactured home loan in order to buy a lot.
- Refinance an existing VA manufactured home loan to reduce the interest rate.

WHERE MUST A MANUFACTURED HOME BE LOCATED?

Any rental site, or lot owned or to be purchased by the veteran which has been approved by VA.

WHAT FACTORS SHOULD BE CONSIDERED IN CHOOSING A SITE?

If you are placing a manufactured home on land you are buying or already own, consider how far away the utilities are and the cost of hookup. If service from a public or community water or sewage system is not available, find out if the ground water and subsoil conditions are satisfactory for an individual well and/or sewage disposal system.

If you are buying a manufactured home that will be placed in a park, find out about the rental cost, miscellaneous services, and other rules and requirements established by the owner of the park.

Remember, if you want to move your home at a later date, you will need a professional mover and the costs involved will be expensive.

HOW DOES A VETERAN GO ABOUT GETTING A LOAN?

You should:

Get a Certificate of Eligibility from the nearest VA regional office or center if you have not already received one from VA.

Find a manufactured home which meets VA standards.

Arrange for rental or purchase of a manufactured home lot.

Arrange a VA loan through the dealer or apply directly to a lender for a VA loan.

WHAT IS THE INTEREST RATE?

The rate may vary from time to time depending on changes in market conditions.

CAN THE INTEREST RATE BE CHANGED?

Once a loan is made, the interest rate remains the same for the life of the loan. However, if the VA interest rate on manufactured home loans goes down, a veteran who still owns and occupies a manufactured home obtained with a previous VA loan may apply to a lender for a new VA loan to refinance the first loan at a lower interest rate.

IS A VA–GUARANTEED LOAN A GIFT?

No. It must be repaid, just as you must repay any money you borrow. If you fail to make the payments you agree to make, you may lose your home through foreclosure, and you and your family would probably lose all the time and money you had invested in it. In addition, if the lender takes a loss, VA must pay the guaranty to the lender, and you will be required to repay the amount paid by VA.

IF A MANUFACTURED HOME IS SOLD, CAN THE VA LOAN BE ASSUMED?

Yes. However, for loans made after March 1, 1988, the veteran is required to apply to the holder of the loan for

approval of the assumption and release from liability. If the loan was obtained prior to that date, it may be assumed without the approval of the loan holder or VA, but the veteran will usually remain liable on the loan unless he or she applies to VA for a release from liability and VA grants the release in writing.

WILL A RELEASE OF LIABILITY RESTORE THE ENTITLEMENT THE VETERAN ORIGINALLY USED IN GETTING THE LOAN?

No. To have entitlement restored, the veteran must dispose of the manufactured home and/or lot and the loan must either be paid in full or assumed by a qualified veteran–transferee who agrees to substitute his/her entitlement for that used originally by the selling veteran. Restoration or substitution of entitlement is not automatic. You must apply for restoration of entitlement by completing and returning VA Form 26–1880 to any VA regional office or center. Applications for substitution of entitlement must be requested from the VA office that guaranteed the loan.

HOW CAN A VETERAN GET A RELEASE FROM LIABILITY FROM VA?

The veteran will be released from liability on the VA loan if the lender or VA determines that the loan is current and the purchaser of the property is able to make the payments, and assumes full liability on the loan and all the veteran's obligations regarding the loan. For loans closed prior to March 1, 1988, the application forms for a release from liability must be requested from the VA office that guaranteed the loan. For loans closed on or after March 1, 1988, the application forms must be requested from the lender to whom the payments are made.

CAN A VETERAN GET MORE THAN ONE VA MANUFACTURED HOME LOAN?

Yes, if you qualify for restoration of entitlement, or you have enough entitlement left to buy another manufactured home and you have disposed of the previous manufactured home.

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